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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

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APR 1 1997
Federal Communications Commission
Office of Secretary

In re Applications of	)	MM Docket No. 97-77
	)	
GREATER WASHINGTON EDUCATIONAL TELECOMMUNICATIONS ASSOCIATION, INC. Leonardtown, Maryland	)	File No. BPED-930617MD
	)	
For a Construction Permit for a New Noncommercial Educational FM Station	)	
	)	
COLUMBIA UNION COLLEGE BROADCASTING, INC. Takoma Park, Maryland	)	File No. BPED-930723MB
	)	
For Modification of Facilities of WGTS-FM, Takoma Park, Maryland	)	

To: Richard L. Sippel
Administrative Law Judge

PETITION FOR LEAVE TO AMEND

Greater Washington Educational Telecommunications Association, Inc. ("GWETA"), by its counsel, and pursuant to Section 73.3522(b) of the FCC's Rules, petitions for leave to amend its referenced application for a new noncommercial educational FM station at Leonardtown, Maryland.

The attached amendment responds to a directive in paragraph 5 of the Hearing Designation Order in this proceeding. The HDO required GWETA to provide an amendment to the presiding Administrative Law Judge concerning the status of its request for funding from

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NTIA, as well as any alternative sources of funding available. GWETA hereby provides information responsive to that directive.

The amendment also provides updated information about GWETA's governing board members by providing a copy of an Ownership Report filed March 20, 1997 for GWETA, which is the licensee of other noncommercial educational broadcast stations. This information is required to be filed pursuant to Section 1.65 of the FCC's Rules.

No comparative advantage is claimed by GWETA as a consequence of the amendment and no party will be prejudiced by its acceptance. As such, and as noted above, good cause exists for filing the amendment at this time.

For these reasons and for good cause stated, GWETA requests grant of this petition and acceptance of the amendment.

Respectfully submitted,

GREATER WASHINGTON EDUCATIONAL
TELECOMMUNICATIONS ASSOCIATION, INC.

By: Todd D. Gray

Todd D. Gray
Margaret L. Miller
Candace W. Clay

Its Attorneys

Dow, Lohnes & Albertson, PLLC
1200 New Hampshire Avenue, N.W., Suite 800
Washington, D.C. 20036-6802
202-776-2571

April 1, 1997

CERTIFICATE OF SERVICE

I, Lisa Rorvig, a secretary at Dow, Lohnes & Albertson, hereby certify that a copy of the foregoing "Notice of Appearance" was served this 1st day of April, 1997, via hand-delivery or first class United States Mail, postage prepaid, upon the following:

Honorable Richard L. Sippel*
Administrative Law Judge
Federal Communications Commission
2000 L Street, N.W., Room 225
Washington, D.C. 20554

James Shook, Esq.*
Compliance and Information Division
Mass Media Bureau
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Chief, Data Management Staff*
Audio Services Division
Mass Media Bureau
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Donald E. Martin, P.C.
6060 Hardwick Place
Falls Church, Virginia 22041
Counsel for Columbia Union College Broadcasting, Inc.

Lisa Rorvig

Lisa Rorvig

*via hand delivery

GREATER WASHINGTON EDUCATIONAL TELECOMMUNICATIONS ASSOCIATION, INC.
P.O. Box 2626
Washington, D.C. 20013

March 31, 1997

Federal Communications Commission
Washington, D.C. 20554

Dear FCC:

Greater Washington Educational Telecommunications Association, Inc. ("GWETA") hereby amends its application for a new noncommercial educational FM station at Leonardtown, Maryland (File No. BPED-930617MD), as follows:

1. Section III (Financial Qualifications) of FCC Form 340 is amended to modify the response in Item 1 to specify "no." GWETA is not at this time relying on a grant of Federal matching funds from the Public Telecommunications Facilities Program ("PTFP") of NTIA. Although GWETA filed a PTFP grant application in 1994, the delay in FCC processing due to the mutual exclusivity of its application with that of WGTS, and the uncertainty as to when the mutual exclusivity might be resolved, caused GWETA to defer filing repetitive PTFP applications thereafter. In view of the fact that the proposed Leonardtown station would offer substantial first public radio service to the public, GWETA believes that a funding application for Leonardtown would be assigned Priority 1 for funding and would be highly favored by the PTFP. However, GWETA chooses at this time to rely on its own reserve of funds to demonstrate its financial qualifications.

As reflected in the attached documents, GWETA estimates the cost of construction of its proposed station and operation for three months to be $300,780. As reflected in the latest audited financial statement of GWETA, GWETA had, as of June 30, 1996, total net assets of over $33,000,000, including cash and cash equivalents, accounts receivable, prepaid expenses, contributions receivable and short term investments of $28,858,000, far in excess of its total liabilities of $12,013,000. Its *pro forma* forecast as of January 1, 1997 (the latest available) of working capital as of the end of its fiscal year on June 30, 1997 is $5,663,000. GWETA is clearly financially qualified to construct and operate the proposed Leonardtown station out of its own funds.

2. Section II (Legal Qualifications) of FCC Form 340, Item 8, is amended to reflect changes in GWETA's governing board and officers, as reflected in the most recent ownership report submitted to the FCC on March 20, 1997.

Respectfully submitted,

Greater Washington Educational
Telecommunications, Inc.

By: Tom Livingston

Title: Sr. Vice President, Radio

COSTS OF CONSTRUCTION AND OPERATION
(New Noncommercial Educational FM Station at Leonardtown, Maryland)

Transmission System:

$71,000	Transmitter with SCA & Stereo Generator, Spares
25,000	Directional Antenna
12,000	Transmission Line and Hangers
70,000	Tower Installed
1,200	Dehydrator for Transmission Line
2,000	Transmission Line Bridge
10,000	Site Preparation
5,800	Stereo Generator and Associated Processing
5,090	Dummy Load
37,000	STL System
750	Backup STL-Tuner and Antenna
8,400	Remote Control with Subcarrier and Subaudible Telemetry
5,000	RBDS Generator
1,700	Wattmeter and WSWR Alarm
1,560	Two Equipment Racks
5,400	Modulation Monitor
675	Jack Field
250	Jack Field Cords
4,000	EAS Equipment
1,500	Electrical to Transmitter
1,000	Ventilation
8,000	Transmitter Intallation
1,500	Miscellaneous Installation Materials
$278,825	Sub Total

Studio Equipment:

750	Tuner and Antenna for Off-Air Monitoring
780	Equipment Rack
675	Jack Field
250	Jack Field Cords
1,500	Miscellaneous Installation Materials
3,000	Installation Labor
$6,955	Sub Total
$285,780	Total Construction
15,000	Three Months Operating Costs
$300,780	**Total Construction and Three Months Operating Costs**

GWETA AUDITED FINANCIAL STATEMENT
As of June 30, 1996

[redacted]

The Global Leader

THE GREATER WASHINGTON EDUCATIONAL TELECOMMUNICATIONS ASSOCIATION, INC.

Consolidated Financial Statements

June 30, 1996 and 1995

(With Independent Auditors' Report Thereon)

Peat Marwick LLP

2001 M Street, N.W.
Washington, DC 20036

Independent Auditors' Report

The Board of Trustees
The Greater Washington Educational Telecommunications Association, Inc.:

We have audited the accompanying consolidated statements of financial position of The Greater Washington Educational Telecommunications Association, Inc. (WETA) as of June 30, 1996 and 1995, and the related consolidated statements of activity and cash flows for the years then ended. These consolidated financial statements are the responsibility of WETA's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of WETA as of June 30, 1996 and 1995, and their change in net assets and their cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information included in the accompanying schedules is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

As discussed in note 1 to the consolidated financial statements, effective July 1, 1994, WETA adopted Statement of Position 94-3, *Reporting of Related Entities by Not-for-Profit Organizations* and accordingly changed from the equity method of accounting for the investment in its wholly owned subsidiary, WETACOM, Inc. to consolidating WETACOM's activities within WETA's financial statements. Also effective July 1, 1994 and as discussed in note 1 to the financial statements, WETA adopted the provisions of Statements of Financial Accounting Standards 116, *Accounting for Contributions Received and Contributions Made*, 117 *Financial Statements of Not-for-Profit Organizations* and 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations.*

KPMG Peat Marwick LLP

October 4, 1996

THE GREATER WASHINGTON EDUCATIONAL TELECOMMUNICATIONS ASSOCIATION, INC.

Consolidated Statements of Financial Position

June 30, 1996 and 1995
(in thousands)

	1996	1995
Assets:		
Cash and cash equivalents	$ 6,659	6,804
Accounts receivable	6,757	4,129
Prepaid expenses and other assets	1,869	576
Contributions receivable (note 3)	1,910	1,992
Short-term investments (note 5)	11,663	19,168
Property and equipment, net (note 6)	16,215	5,878
Total assets	$ 45,073	38,547
Liabilities and net assets:		
Accounts payable and accrued expenses (note 3)	5,403	4,000
Deferred revenue	6,287	3,254
Note payable (note 7)	323	456
Total liabilities	12,013	7,710
Net assets:		
Unrestricted:		
Designated:		
Endowment (note 2)	898	727
Capital Campaign (note 3)	1,776	1,327
Program Investment Fund (note 4)	1,450	1,450
Undesignated:		
Invested in property and equipment	16,215	5,878
Other	4,902	5,175
Total unrestricted net assets	25,241	14,557
Temporarily restricted – Capital Campaign (notes 3 and 8)	5,419	13,880
Permanently restricted – Endowment (note 2)	2,400	2,400
Total net assets	33,060	30,837
Commitments and contingencies (notes 11 and 12)		
Total liabilities and net assets	$ 45,073	38,547

See accompanying notes to consolidated financial statements.

THE GREATER WASHINGTON EDUCATIONAL TELECOMMUNICATIONS ASSOCIATION, INC.

Consolidated Statements of Activity

Years ended June 30, 1996 and 1995
(in thousands)

	1996	1995
Change in unrestricted net assets:		
Revenues and gains:		
Television production	$ 26,512	28,226
Membership and other local fundraising	14,057	13,958
Sales and other (note 5)	7,106	6,802
Radio production	138	297
Education and outreach	304	586
Total revenues and gains	48,117	49,869
Net assets released from restrictions (note 9)	8,894	500
Total unrestricted revenues, gains, and other support	57,011	50,369
Expenses:		
Program services:		
Television programming and production	25,497	24,115
Television broadcast	4,901	5,103
Radio programming, production and broadcast	1,711	1,878
Program information and promotion	2,004	4,752
Education and outreach activities	1,548	1,146
Total program services	35,661	36,994
Supporting services:		
Fundraising and membership development	5,028	5,036
Underwriting and grant solicitation	930	981
Management and general	4,708	4,680
Total supporting services	10,666	10,697
Total unrestricted expenses	46,327	47,691
Change in unrestricted net assets	10,684	2,678
Change in temporarily restricted net assets:		
Capital campaign contributions, net of allowance for uncollectibles of $600 (note 3)	433	127
Net assets released from restrictions (note 9)	(8,894)	(500)
Change in temporarily restricted net assets	(8,461)	(373)
Change in net assets	2,223	2,305
Net assets, beginning of year, as restated (note 1)	30,837	28,532
Net assets, end of year	$ 33,060	30,837

See accompanying notes to consolidated financial statements.

THE GREATER WASHINGTON EDUCATIONAL TELECOMMUNICATIONS ASSOCIATION, INC.

Consolidated Statements of Cash Flows

Years ended June 30, 1996 and 1995
(in thousands)

		1996	1995
Cash flows from operating activities:			
Change in net assets	$	2,223	2,305
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization		1,776	1,240
Gain on sale of property and equipment		-	(24)
Decrease (increase) in accounts receivable		(2,628)	2,461
Decrease (increase) in prepaid expenses and other assets		(1,343)	46
Decrease in contributions receivable		82	1,994
Increase (decrease) in accounts payable and accrued expenses		1,403	(591)
Increase (decrease) in deferred revenue		3,033	(197)
Net cash provided by operating activities		4,546	7,234
Cash flows from investing activities:			
Purchase of property and equipment		(12,063)	(2,098)
Purchases of investments		(3,664)	(5,305)
Proceeds from sale of investments		11,169	338
Proceeds from property sales and other		-	87
Net cash used by investing activities		(4,558)	(6,978)
Cash flows from financing activities – payments on note payable		(133)	(133)
Net increase (decrease) in cash and cash equivalents		(145)	123
Cash and cash equivalents at beginning of year		6,804	6,681
Cash and cash equivalents at end of year	$	6,659	6,804
Supplemental cash flow information:			
Interest paid	$	26	33

See accompanying notes to consolidated financial statements.

(1) Summary of Significant Accounting Policies

Organization

The Greater Washington Educational Telecommunications Association, Inc. (WETA) is a nonprofit Washington, D.C. corporation chartered in 1953 to operate a public television and public FM radio station.

WETACOM, Inc., a wholly owned for-profit subsidiary of WETA, was chartered in 1981 to engage in television production for commercial use.

Principles of Consolidation

WETA adopted Statement of Position 94-3, *Reporting of Related Entities by Not-for-Profit Organizations* retroactively to 1995 and therefore presents consolidated financial statements which include the accounts of WETA and its wholly owned subsidiary WETACOM, Inc. All intercompany balances and transactions have been eliminated in consolidation. Previously, WETA accounted for the activities of WETACOM, Inc. as an investment under the equity method.

Basis of Presentation

During fiscal 1995, WETA adopted the accounting policies contained in Statements of Financial Accounting Standards (SFAS) 116, *Accounting for Contributions Received and Contributions Made*, and SFAS 117, *Financial Statements of Not-for-Profit Organizations*. WETA has restated its net asset balances as of July 1, 1994 to conform to the standards and presentation requirements of SFAS 116 and 117.

(Continued)

(1) Continued

WETA's accounting policies with respect to the expirations of donor-imposed restrictions have been applied retroactively to July 1, 1994. The effect of the restatement as of July 1, 1994 resulted in the following differences between the June 30, 1994 equity (fund balances) as previously reported and the June 30, 1994, net assets as reported herein:

	Thousands $
Beginning unrestricted fund balance as previously reported	$ 18,201
Beginning restricted fund balance as previously reported	5,224
Total beginning fund balance as previously reported	23,425
Contributions and pledges previously not recognized	5,669
Conditional contributions previously recognized	(562)
Restated June 30, 1994 amounts to be reported as net assets	28,532
Beginning net assets – unrestricted, as reported herein	11,879
Beginning net assets – temporarily restricted, as reported herein	14,253
Beginning net assets – permanently restricted, as reported herein	2,400
Restated net assets, July 1, 1994	$ 28,532

Under the provisions of SFAS 116 and 117, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of WETA and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions. Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. All expenses are reported as decreases in unrestricted net assets.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions that may or will be met either by actions of WETA and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed restrictions that they be maintained permanently by WETA.

Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Releases of temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

(Continued)

(1) Continued

Fair Value of Financial Instruments

The following methods and assumptions were used by WETA in estimating fair value disclosures for financial instruments:

Investments - Fair values of investments are determined by reference to quoted market prices.

Notes payable - Based on borrowing rates currently available to the WETA for notes payable with similar terms and remaining maturities, the fair value of notes payable at June 30, 1996 and 1995 is $137,000 and $156,000, respectively.

Other assets and liabilities - Fair value of all other financial instruments approximates their reported value due to the immediate or short-term maturity of these financial instruments.

Cash Equivalents

Cash equivalents include items that are readily convertible into cash and are stated at cost which approximates market value. Cash equivalents consist of money market funds, repurchase agreements, discount notes, commercial paper and mutual funds with original maturities of less than 90 days. At June 30, 1996 and 1995 cash equivalents amounted to $6,443 and $6,592, respectively.

Investments

Effective July 1, 1994, the Association adopted the accounting policies contained in SFAS 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations.* This statement required additional financial statement disclosure, but otherwise had no significant effect on the consolidated financial statements. Investments are reported at fair value, whereas previously they were reported at the lower of original cost or fair value.

Property and Equipment

Purchased property and equipment is recorded at cost. Contributed property is recorded at fair value at the date of contribution. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years.

Deferred Revenue

Deferred revenue represents receipts for sponsored programs for which the related expenses have not yet been incurred.

(Continued)

(1) Continued

Production Revenue

WETA uses the percentage of completion method of accounting for production revenue, whereby the cumulative production revenue earned equals the ratio of costs incurred to the estimated total costs at completion applied to the total committed revenues from outside sponsors. Production costs include charges by subcontractors plus all direct labor and other direct costs. Indirect and general and administrative expenses are charged to expense as incurred.

Contributions

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received or when the promise is made, if earlier. Contributions with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net asset class.

Conditional promises to give, such as challenge grants, are recorded as revenue when the conditions have been met.

WETA engages in fund-raising campaigns through some special television programs and on-air and mail fund-raising appeals. Membership appeals encourage supporters, both individuals and organizations, to provide financial contributions to WETA for enhancement of program offerings and other operating expenses. Financial contributions are frequently evidenced by pledges received from responding viewers.

Capital campaign appeals encourage supporters to provide financial contributions to WETA for the purchase of its new building and the costs necessary for the relocation (see note 11).

An estimate of uncollectible pledges is recorded relating to the membership and capital campaign appeals. Contributions for the membership and capital campaign appeals are components of the unrestricted and temporarily restricted net assets, respectively. This classification is consistent with the nature of the appeals for support.

Program and Production Underwriting

Revenue for program underwriting is recorded on a pro rata basis for the period covered.

(Continued)

(1) Continued

Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grantmaking organization responsible for allocation of various federal funds to the more than 1,000 public television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public telecommunication entities. CSGs are used to augment the financial resources of public broadcasting stations and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of recipients. WETA uses these funds for purposes relating primarily to production and acquisition of programming. Also, the CSGs may be used to sustain activities undertaken using CSG funds awarded in prior years.

CSGs are reported on the accompanying consolidated financial statements as unrestricted revenue within "sales and other". Certain guidelines, however, must be satisfied in connection with application for and use of the CSGs to maintain eligibility and compliance requirements. These guidelines pertain to the use of CSG funds, recordkeeping, audits, financial reporting, and licensee status with the Federal Communications Commission.

Contributed Services, Materials, and Equipment

Contributed services, principally promotional advertising, are recognized in the accompanying consolidated financial statements in amounts of approximately $68,000 and $2,867,000 for the years ended June 30, 1996 and 1995, respectively. Contributed services in amounts of $133,000 and $164,000 for the years ended June 30, 1996 and 1995, respectively, are not recognized in the accompanying consolidated financial statements as they do not meet the criteria for recognition of contained in SFAS 116.

Contributions of equipment are recorded as unrestricted support unless explicit donor stipulations specify how the property must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are recorded as restricted support. Absent explicit donor stipulations as to the period long-lived assets must be maintained, such assets are recorded as unrestricted support when placed in service.

(Continued)

(1) Continued

Income Taxes

WETA is exempt from federal income taxes, except on unrelated activities, under Internal Revenue Code Section 501(c)(3). WETACOM is a taxable subsidiary that presently owes no federal taxes.

Allocation of Costs

The costs of providing programs and supporting services have been summarized in the consolidated statement of activity. Accordingly, certain costs have been allocated among the programs and support services benefited.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. WETA is also required to make estimates and assumptions that affect the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(Continued)

(2) Endowment Funds

WETA Endowment

The WETA Endowment Fund was established in 1987 as a board-designated endowment. The assets of the WETA Endowment Fund are maintained in interest-bearing bank deposits separate from WETA's operating accounts and are classified within the unrestricted net asset class due to the lack of donor restrictions placed on the contributions.

Arts Endowment and Arts Program

In 1988, WETA received a $600,000 challenge grant from the National Endowment for the Arts (NEA). WETA was required by the terms of the grant to provide matching contributions totaling $1,800,000. Together, the grant and matching funds were used to establish an Arts Endowment Fund of $1,000,000 and an Arts Program Fund of $1,400,000. The original principal of both Funds is permanently restricted under the terms of the original grants, but borrowing from the Arts Program Fund principal is permitted. As of June 30, 1996, WETA had not borrowed from the Funds. The assets of the Funds are maintained in interest-bearing deposits separate from WETA's operating accounts.

Cumulative activity in the funds through June 30, 1996 is as follows (in thousands):

		WETA Endowment	Arts Endowment	Arts Program	Total
Contributions	$	286	1,000	1,400	2,686
Earnings		74	403	603	1,080
Total cumulative additions		360	1,403	2,003	3,766
Income expended		(25)	(229)	(214)	(468)
Total endowment net assets	$	335	1,174	1,789	3,298

The endowment net assets are classified in the statement of financial position as follows:

Permanently restricted endowment	$	2,400
Unrestricted - designated (quasi-endowment)		898
Total endowment net assets	$	3,298

(Continued)

(3) Capital Campaign Fund

The Capital Campaign Fund is comprised of the Capital Building Fund and the Program Trust Fund, described below.

Capital Building Fund

During fiscal year 1990, WETA established the Capital Building Fund to help fund the planned development or purchase of new facilities. See note 11 for disclosure of the building purchase made by WETA in fiscal year 1996. A portion of the Fund equal to the amount incurred in meeting the donor restrictions, is reported as unrestricted net assets. The remainder of the Capital Building Fund is included within temporarily restricted net assets.

Program Trust Fund

In December 1991, WETA was awarded a $562,000 challenge grant from the National Endowment for the Humanities (NEH). The total amount of the challenge grant was received in fiscal 1993 and 1994. A condition of the challenge grant is to raise private funds of $2,248,000 representing a 4 to 1 match of the federal grant. Through June 30, 1996, WETA had collected approximately $2,042,000 in private funds and received the entire $562,000 of the federal funds towards this challenge grant.

The $562,000 grant received is considered a conditional contribution and is therefore recorded as a liability, within accounts payable and accrued expenses, as of June 30, 1996 and 1995. The private matching funds are recorded within temporarily restricted net assets. Once the NEH condition has been met, both the NEH grant and the private matching funds will be transferred to permanently restricted net assets, with the exception of $500,000 that will be temporarily restricted towards the purchase of equipment.

The board designated the income generated by the Program Trust Fund for developing radio and television programming projects for public broadcasting.

(Continued)

(3) Continued

The Capital Building Fund and Program Trust Fund include outstanding pledges expected to be collected as follows for fiscal years ending June 30 (in thousands):

1997	$ 1,555
1998	618
1999	77
2000	72
2001	54
Thereafter	99
Less - allowance for estimated uncollectibles	(600)
Less - discount to estimated net present value	(114)
	$ 1,761

The estimated net present value of the capital campaign pledges was calculated using a discount rate of 8 percent.

(4) Program Investment Fund

In 1994, the Board of Trustees designated $1,450,000 of the unrestricted operating fund balance to be established as a Program Investment Fund (PIF). The PIF was established to provide funding for projects in which full funding has not yet been obtained. This fund serves as a source of short-term financing to expedite projects that might otherwise be delayed or lost to competitors, thus helping WETA achieve its programming growth objectives. As outside funding is obtained, the PIF is replenished. As no donor restrictions exist within this fund, the balance is reported as a designation of unrestricted net assets.

(5) Investments

Investments at June 30, 1996 and 1995 were as follows (in thousands):

		1996		1995	
		Cost	Fair value	Cost	Fair value
Commercial paper	$	900	900	-	-
Repurchase agreements		-	-	142	142
Discount notes		10,763	10,763	19,026	19,026
	$	11,663	11,663	19,168	19,168

(Continued)

(5) Continued

Issuers of the discount notes include Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association and Federal Farm Credit Bank. The interest rates associated with these discount notes for the years ended June 30, 1996 and 1995 range between 5 and 6 percent, and 5 and 7 percent, respectively.

Investment income for the years ended June 30, 1996 and 1995 consists of interest and dividends of approximately $1,056,000 and $1,262,000, respectively.

(6) Property and Equipment

Major classes of property and equipment consist of the following at June 30, 1996 and 1995 (in thousands):

		1996	1995
Land	$	3,113	390
Building and improvements		10,945	3,701
Equipment		19,060	17,391
		33,118	21,482
Less accumulated depreciation and amortization		(16,903)	(15,604)
Property and equipment, net	$	16,215	5,878

See note 11 for description of WETA's land and building acquisition during fiscal 1996.

(7) Note Payable

Note payable consists of the following at June 30, 1996 and 1995 (in thousands):

		1996	1995
Variable rate industrial revenue bond, at 75% of the prime rate (7% at June 30, 1996) payable $133,333 per year plus interest, final payment due November 1998, secured by land, building and improvements with a net book value of approximately $782,000	$	323	456

(Continued)

(8) Temporarily Restricted Net Assets

Temporarily restricted net assets of $5,419,000 and $13,880,000 at June 30, 1996 and 1995, respectively, are available for the purchase of a new building and costs associated with the relocation of WETA's principal operations to the new location and matching funds applicable to NEH challenge grant.

(9) Reclassification of Net Assets

Net assets were released from donor restrictions in the amount of $8,894,000 and $500,000 for the years ended June 30, 1996 and 1995, respectively, by incurring expenses in those years satisfying the restricted purposes specified by the donors of the capital campaign fund. These expenses relate to the costs associated with the purchase of the new building. See note 11.

(10) Retirement Plans

WETA provides retirement benefits for substantially all of its employees in accordance with several defined-contribution retirement plans. WETA's liability under these plans is limited to current contributions. Total contributions to the plans was approximately $759,000 and $791,000 for the years ended June 30, 1996 and 1995, respectively.

(11) Commitments

Operating Leases

WETA leases studio equipment, office space, its television tower and related transmission facilities under noncancelable operating leases which expire at various dates through 2000. Most of the leases contain renewal options for periods of 1 to 25 years.

At June 30, 1996, the minimum lease commitments are approximately as follows for fiscal years ending June 30:

1997	$ 497,000
1998	333,000
1999	317,000
2000	155,000
	$ 1,302,000

Total lease expense was approximately $576,000 and $589,000 for the years ended June 30, 1996 and 1995, respectively.

(Continued)

(11) Continued

Building Purchase

In September 1995, WETA purchased a building and adjacent undeveloped land in Shirlington, Virginia for approximately $8,200,000 and $973,000, respectively. The purchase was financed from investments liquidated from the Capital Campaign Fund, and as a result there is no associated debt. The building is currently occupied by existing tenants. WETA intends to transfer its operations into the new facility over the course of the next several years.

WETA entered into an agreement with a management company to manage the building operations. As part of this agreement, WETA is obligated to pay a fee equal to 3 percent of gross rentals received from tenants pursuant to their leases.

In addition, WETA entered into an agreement with a former tenant of the purchased building to vacate their respective leased space. This tenant vacated its premises in September 1996. Pursuant to the agreement, WETA is required to pay this former tenant a total of $450,000 over a four-year period. This commitment is recorded within accrued expenses in the accompanying consolidated financial statements.

The remaining noncancelable operating leases with tenants expire at various dates through 2001. At June 30, 1996, the minimum lease rentals to be received are approximately as follows for fiscal years ending June 30:

1997	$ 992,000
1998	851,000
1999	863,000
2000	852,000
2001	338,000
Thereafter	179,000
	$ 4,075,000

(12) Contingencies

WETA receives a portion of its revenues directly or indirectly from federal government grants or appropriations, all of which are subject to audit by the granting agencies. The ultimate determination of amounts received under these programs generally is based upon allowable costs. A contingency exists to refund amounts received, if any, are in excess of allowable costs. Management is of the opinion that no material liability will result from future audits.